R

G. R. S. IX-5]

Previous references.

File No. 94-17

1917-18
(S.F.)

Serial Nos. 3, 6, 7, 8, 9

Later references.

GENERAL AND REVENUE SECRETARIAT.

P. 16
C

Serial Nos. 3, 6-9

Part B for March 1918.

SUBJECT.

Income or Super Tax on the income from the investment in British Treasury Bills —

No. 9.

To

The Comptroller

No. FL 4753 dated 6-3-1918.

States that the Comptroller of currency has intimated that investments made by Native States in British India Treasury Bills will be free from income tax and Super tax.

Mr. Parthasarathi Naidu
28-3-1918.

W D 88—GPB—50,000—24-7-16

G. R. S. III—1] 1917 · 8

GENERAL AND REVENUE SECRETARIAT.

(Gf)

NOTES.

Gf File No. 94-17

FILE HEADING.

Income or Super tax on the income from the investment in British Treasury bills.

From

The Comptroller to Govt

No. 1007 P&K Dated 17. 1-18 Received 19. 1. 18

Diary No. 1729	Enclos. 1	Spare Copies.	Serial No. 3

BRIEF ABSTRACT OF LETTER.

Forwards copies of his correspondence with the Secretary and Treasurer, Bank of Madras and says that as the Dy bills are a convenient form of investment, it is desirable to ascertain the views of the Comptroller of currency whether the tax will be levied on the income from the investment in the bills.

NOTES AND ORDERS.

A/S's orders "Put up draft to the Resident"

2. Subd with draft It is ascertained in the comptrollers office that the discount on a bill for Rs 100 for three months is Rl-4-0 which comes to 5·063 per cent per annum.

Clean draft is put up with the above explanation.

The latest Capital in which the information is it appears available

2590 24.1.18

Subd 22/1

Hdsey). 22-1-18

3. Subd & Joint Member.)

Issued 25/1

NOTES—First Sheet.

70 23.1.18

WD 1232—GPB—20,000—18-11-16

WD 1233—GPB—60,000—1-12-16—S.

1729 & 2220
2239

G. R. S. III-2

General and Revenue Secretariat.

G & F File No. 94 of 1917

Serial No.	
6	To The F A R Pol 673 d 26. 1. 18 Requests information to be obtained on the matter from the Controller of Currency
7	From the Comptroller Bk 1405 d 27. 2. 18 Requests to be informed whether the question has been settled. 5 No reply from the Residency yet. May a reminder be put up. Subd for orders, 2/3. Yes, 4.3.18
8	From the F & R No. 1626 d 22 2 18 Forwards copy of letter from the Comptroller Currency, stating that the investments when made by Native States will be free from income & Super taxes. 6. Subd with draft intimating to Comptroller 4/3. Currency. Issue and then submit to Hdqrs, finance. 5/3/18

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | Cf7 File No. 94 of 1917.

Serial No.	
9	To The Comptroller H 4783 dt 6.3.18. Informs the contents of sl 8, Sub 8. H Secy) Forwds. 7.8 [illegible] The Comptr proposals 2.3.18 re minor amendments [illegible] 12/3/18. 7.8.18

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

Immediate.

R. S. III-2]

General and Revenue Secretariat.

40 File No. 181 of 1917.

Serial No.

9. As we have been selling securities through the Bank of Bombay, I want to arrange for the payment at Bombay of the second instalment of the Subsidy due this month. I have applied to the Controller of Currency for permission to pay it at Bombay. Until yesterday the proceeds of sale had not amounted to 17½ lakhs required for this purpose. To day's telegraphic advice of sales from the Bank shows that the amount now to our credit with it is about 26 lakhs. The balance left after reserving 17½ lakhs for the Subsidy is available for temporary investment. I request permission to purchase Indian Treasury Bills for 8 lakhs.

10 2. I have ascertained the terms of short term investments from both the Banks of Bombay and Madras; the former offers 4½ per cent for deposits fixed for two months. The latter is prepared to give 5 % for deposits fixed for 3 to 6 months and 4½ % for deposits repayable at 30 days' notice. The money that we can now invest can safely be fixed for three months and as the rate for three months Treasury Bills is slightly better than that offered by the Bank of Madras, I think we may prefer investment in these bills. I request immediate permission to take action as proposed above.

11 3. Land Revenue collections ~~remittances~~ are just reaching Bangalore and it is possible to spare some

W

Min upto q 9 T

16

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

5

R. S. III-2]

General and Revenue Secretariat. | W.O File No. 181 of 1917.

Serial No.

some amount out of the present balance ~~to~~ with the Bank of Madras for investment in Treasury Bills. As I am given to understand that a fairly large demand on account of Takavi Loans for Coffee may have to be met very soon, I am unable to decide if any part of the present balance in the Madras Bank can immediately be invested in Treasury Bills. The Bank balance will however go on rising and as the period of the low rate of interest of 2½ per cent begins from the next month it will be necessary to invest surplus balances in

(2) short term deposits or in Treasury Bills for short periods. It would be convenient if I am authorised as a general arrangement to invest surplus balances in Treasury Bills or as deposits with the Bank of Madras repayable at 30 days' notice. Such general authority will enable me to make prompt investments and earn as much interest as possible on surplus balances. I shall of course report for the information of Government such investments as they are made.

W. 12. 4. As intimated by the Controller of Currency investment in Indian Treasury Bills by us is exempt from Income and Super Tax. 9 months Treasury Bills yield a better rate of interest, but I prefer for the present three months bills as until the Budget for the next year is settled, it is not possible to calculate what demands should be provided for and when they

NOTE—Contn. sheet. ... have

WD 1283—GPB—60,000—1-12-16—S.

R. S. III-2]

General and Revenue Secretariat. | File No. Misc 318 of 1917.

Serial No.

have to be met.

Bangalore, 13-3-'18.

The Financial Secretary.

Refers as above.

The points for order are

(1) Investment of 8 lakhs now with the Bombay Bank remaining after payment of 2nd instalment of subsidy in 3 months by bills at usance.

(2) formal permission to Comptr to make such investments or in short term deposits, with 30 days notice out of surplus balances, with Govt the proposals may be approved.

The permission may be for 1 year to the present Government Through.

7 days).

14.3.18

(1) may be so

(2) may be so subject to the condn that without special orders of Govt the amount to be invested in Indian Treasury bills shd not exceed 2 lakhs & a similar limit should also apply to the amt invested in short term deposits with the Madras Bank.

14/3/18

3186/15/3

Rose recommends may be offered leave 15/3

16/3/18

No objection

16.3.18

1st member Devan

4883 15/3/18

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.

H File No. Mis 318 of 1917.

Serial No.

Hd Qrs No: 185
9/19-3-18

[illegible] 18

H 2310-17

CONFIDENTIAL
18 MAR 1918
DIVISION
G. RED. 9

22 MAR 1918

11670

7 To Compile for note & return.

HQ Qrs No: 170
No: 1529 Bandi 19th 18.

18. Noted and returned

M
16/3 18/3/18

Mrh
18-3-18
18
22/3/18

NOTE—Contn. sheet.

C. O. 44—Rec. 19]

WD A 0606—GPB—10,000—31-7-17

Please address reply to the Comptroller to the Government of His Highness the Maharaja of Mysore and refer to

No. 1007 & 1 one Bang

Q. 794-17 Sec. 3

J. 1729

(1

XXX

Pol. Supdt. The Residency 19 JAN 1918 15

REP. O.

19-1-18 3984

FROM

M. N. KRISHNA RAO, ESQ., B.A.,

Comptroller to the Government of His Highness the Maharaja of Mysore.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Dated Bangalore, the 17th January *191* 8.

To

The Secretary to Government

Financial Department,

Bangalore.

SIR,

I have the honour to forward herewith copies of correspondence with the Secretary and Treasurer Bank of Madras, Madras, regarding the liability to income-tax of the return on Treasury Bills. Sir Bernard Hunter suggests a reference to the Comptroller of Currency for obtaining a definite ruling on the point. Treasury Bills which are now sold for even three months are a convenient form of temporary investment for our cash balance and it is therefore necessary to have the question of income tax settled by reference to the Comptroller of Currency through the Residency.

I have the honour to be,

Sir,

Your most obedient servant,

M. N. Krishna Rao

Comptroller.

(2

Copy of letter No. Bank 974 dated 11th instant from the Comptroller to the Secretary and Treasurer, Bank of Madras, Madras.

I have the honour to request that you will be so good as to tell me if any income or Super tax is payable on the return on investments in treasury bills sold by the Government of India. These bills are sold at a discount, and discharged at par, on the expiry of period for which they are issued, and I do not know if any question of income from these investments arises at all, and, if any calculation of income is made, and the income subjected to income or Super-tax.

Copy of letter No. G.P.L.150/1 dated 15th January '18 from the Secretary and Treasurer, Bank of Madras, Madras, to the Comptroller.

In reply to your letter No.Bank 974 dated 11th instan I have the honour to advise you that, although income tax in respect of Treasury Bills sold by the Government of India is not deducted at the source, we are of opinion that holders who are liable to income tax on other investments will be liable to tax on the income derived from these bills.

If the bills referred to are State property, the income derived therefrom will presumably be exempt from tax but it would, we think, be advisable to obtain a definite ruling on this point from the Controller of Currency.

Copy
on Mr Narasimhan
Comptroller

Liability to income or Super Tax of Investments in Treasury bills of Govt of India

Pol. 673

C.F 94-17-b

(3)

Draft.

GEN. & REV. SECRETARIAT
TYPING Sec.
25 JAN 1918

Circ Nil

To

D-26 January 1918

The F. A. R.,

Sir,

Treasury Bills are being sold by the Government of India and discharged after the expiry of the periods for which they are issued. It is not known if an investment by the Durbar of State Funds in these bills will be subject to income or super tax. I am accordingly to request you to be so good as to move the Hon'ble the Resident to obtain information on this point from the Controller of Currency Calcutta.

I have the honour to be,

etc.,

Financial Secretary.

23-1-18

CE 25/1/-

G.F. 94-17 SEW:7 Immediate (4) D2239

Please address all future communications to the Comptroller to the Govt. of H. H. the Maharaja of Mysore.
In reply to this Comm. please refer to
No. Bk.1405

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Dated, Bangalore, the 27 ~~19~~ Feb: 1918.

11 MAR 1918

9089

FROM

M. N. KRISHNA RAO, ESQ., B.A.,
~~Offg.~~ *Comptroller to the Government of*
His Highness the Maharaja of Mysore.

To

Rajamantrapravina
.....Dewan Bahadur J.S. Chakravarti....., ESQ., M.A., F.R.A.S.,
Secretary to the Government of Mysore,
Financial .....*Department.*

SIR,

In inviting reference to my letter No.1007 dated the 7th January 1918, I have the honor to request that you will be so good as to intimate whether the question of income-tax on the return on Treasury Bills held by Government has been settled by reference to the Controller of Currency, Calcutta.

I request the favour of an early reply.

I have the honor to be,
Sir,
Your most obedient servant,

M N Krishna Rao
Comptroller.

CV/27-2

27.2.18

WD.0322—GPB—3,000—11-12-16

C. O. 42–Rec.—17]

....Department

191 .

FROM

M. N. KRISHNA RAO, ESQ., B.A.,
Offg. Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

.....ESQ.,
Secretary to the Govt. of Mysore,
Dept.

Dated

Despatched

Received

No.....

Subject matter.

R. O. 178. (a) —R. P. B.—1918.—1,500.

G & 94-17 Sec: 8 (5

D 2270

MYSORE RESIDENT'S OFFICE,

Bangalore, 17th February 1918

No. 1626

A copy of the marginally* noted letter, ~~with enclosure~~, is forwarded to the Financial Secretary to the Government of His Highness the Maharaja of Mysore, for information, with reference to his letter No. Pol. 673, dated the 26th January 1918.

*No. 351/26-18 dated 20.2.18 from the Controller of Currency, regarding investments in Treasury Bills

Pol. 1264 4.2.18

To Comptroller with compliments & return of the enclosure herewith.

4.3.18

Thanks.

4-3-18

William Richmond
P.A. to Resident.

for First Assistant Resident.

Mr Rangachar

Letter No.351/26-18., dated the 20th February 1918, from the Controller of Currency, Calcutta, to the First Assistant to the -- Resident in Mysore, Bangalore.

With reference to your letter No.835, dated the 31st January 1918, forwarding a copy of a letter No. Pol. 673, dated the 26th January 1918, from the Financial Secretary to the Government of His Highness the Maharaja of Mysore, I have the honour to state that investments made in Treasury Bills by Native States will be free from income tax and super tax. The Mysore Durbar may be informed accordingly.

" C O P Y ".

Registrar, Resident's Office.

G. R. S. VI—G/32]

SUBJECT Treasury bills

Diary No. of letter replied to 2270

GENERAL AND REVENUE SECRETARIAT
( )
, the 191 .

Date of issue 6-3-18

Signed by W Greenwood

97 Section 94—17
File No.
Serial No. 9

No. F 4783
26 March/18

To

The Comptroller

Sir,

With reference to your letters No 1027/M
of 17.1.18 ~~and a subsequent~~ ~~communication~~
~~regarding the liability of investments~~
~~in British India Treasury bills to income~~
~~tax~~ I am directed to state that ~~such~~
~~investments~~ the Comptroller of Currency
has intimated that ~~such~~ investments in War India Bills
made by Native States will be free from
~~tax~~ income and Super tax.

I have &c
for H Secy
over. 51 s/w

F(N)/43